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SOURCE Ching-chi Lun-t'an.

ANALYSIS OF KWANGSI'S FOREIGN TRADE

Ch'en Ying-k'un
 (Code: 12864, 2550, 4478)

[Tables are appended.]

Kwangsi Province has suffered an unfavorable balance of trade for several years. Its agricultural economy has steadily waned. In an endeavor to improve the livelihood of the people, in 1932 the authorities promoted production to create an abundant supply of goods, expand exports, and thus obtain more of essential imports. In 1934 the Bureau of Industry and Commerce established the Ch'uan-tung Company to handle the shipping of exports. It was later combined with the Yung-an (Wing On) Company to form the Yung-k'ang Trading Company for the control of exports and imports. Although the organization did not last long, it was at least a foundation for trade control. The Kwangsi Import-Export Office was set up in 1935 with authority over the export of tung oil, anise oil, tungsten, antimony, tin and manganese. A tung oil factory established in Wu-chou to refine the commodity for export has had satisfying results.

Beginning in 1932, the amount of goods exported was valued at 29 million CNC. In 1937 it mounted to 44 million CNC, an increase of approximately 50 percent. The years between 1932 and 1948 were characterized by reconstruction, war, and internal strife. The trade cycle experienced three changes. Fluctuations were due to man-made disorders and business changes.

Kwangsi was affected by great loss and destruction during the war. Although manpower, materials, and natural resources were not lacking after demobilization, production still did not regain its prewar level. In agricultural production, for instance, only 43 million piculs of rice and grain were produced in 1947. This amount constituted only 75 percent of the 1937 production.

In March 1948, P'eng Kuang-ch'in (3113, 567, 5589) said that China's current tung oil production was less than in the past. The highest output in previous years was 100,000 tons and at the time of his statement was 80,000 tons. Reasons

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for this drop are reduced prices of tung oil during the war and the neglect in planting by tung tree farmers. An article on Kwangsi published by the Chinese National Economic Research Office reports that the province produced over 300,000 piculs [one picul equals 133.3 pounds] of tung oil per year. Actually, however, the output has been only one tenth of that amount since the war and up to the present.

Pure tin comprises the bulk of mineral production. In 1937, 2,860 metric tons were produced. In 1947, tin output was only one tenth of that amount. Coal production, on the other hand, flourished and increased three times to 82,000 metric tons in 1947, compared to 27,000 metric tons in 1937.

With regard to livestock, this province originally had 2 million head of cattle. The war and the flood of 1947 caused a loss of 200,000 head. Pigs originally numbered 2,700,000 but a loss of 700,000 was incurred.

The above-mentioned items are the chief products in the province's economy. Curtailment of their production has a damaging effect on the economic position of the people.

In 1947, exports from Wu-chou, including Jung-hsu, were valued at 160 million gold yuan. The comparison between exports of 1937 and 1947 [sic] is shown in Table 1. (Figures for 1937 cover exports from the entire province, while those for 1947 include only Wu-chou and Jung-hsun. Ordinarily it is not accurate to use such a comparison, but most of Kwangsi's exports are raw materials and semimanufactured articles, of which 80 percent come from Wu-chou. Moreover, the principal markets are Kuang-chou and Hong Kong with good water transportation leading from Wu-chou.)

Table 2 shows the position by value of each export commodity for the year 1937 and the resulting shift in 1947 [sic].

Hong Kong and Kuang-chou are the principal markets for exports, with Chiang-men following closely. Articles to be shipped abroad, such as vegetable oil, anise oil, tea oil, tung oil, bristles, cassia oil, pure tin, anised, gellnuts, etc., are all transshipped to Hong Kong from Kuang-chou and Chiang-men. Sixty percent of all exports are shipped to Hong Kong, including direct and indirect shipment and 40 percent are consumed in Kwangtung.

Table 3 compares the amounts of the nation's principal export commodities leaving Hong Kong with those leaving Kwangsi in 1948. Kwangsi's position in South China exports, including at least a portion of central and north China, may thus be seen.

In September 1938 this province instituted the procedure of charging for importers' licenses. Taxable objects included cotton, cotton yarn, cigarettes, kerosene, gasoline, cloth, cotton and woolen goods, hardware, paper, and foreign articles.

Table 4 compares imports from October to December 1948 for Wu-chou with imports from an average season of 1937 (one quarter).

The amount of increase of prices in Kuei-lin and Wu-chou in November 1948, compared with the first half of 1937, is indicated in Table 5.

Kwangsi's foreign trade requires much improvement and plans for it must be formulated. The goal is to secure for the province's exports the prewar exchange rate which would enable acquisition of prewar types of material. Thereafter, the market should be expanded gradually to increase exports and procure more goods which would raise the standard of living. To attain these objectives, the following measures should be given serious consideration:

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1. Internal Security

Without internal peace favorable circumstances for production, exchange, distribution, and consumption cannot exist. Present economic ills are due to continuing warfare which hinders communications, disturbs the currency, and smotheres production. There are many current proposals for economic reform, but none has yet produced any positive results.

2. Increase in Production

Besides attempting to reduce the effects of an unstable currency, it is essential to increase production for the purpose of getting more goods in exchange. This calls for expending productive power. To avoid future decline in production, it is advisable not to export all that is available at once. For example, the export of young pigs should definitely be prohibited, and forest conservation started to prevent depletion of raw material reserves.

3. Standard for Improving Quality

Production is spread throughout the province and is not concentrated. Much of it results from agricultural side-occupations. Methods are old-fashioned and the quality of the products is poor, lacking set standards and form. Costs are naturally high. Also, articles are not easily produced in large quantities.

4. Collective Control of Export Goods

This is not intended to compete with the people for profits. World trade demands top quality and standardized goods, with the government making constant adaptations to changing domestic and foreign conditions. An agency should be created to control certain types of commercial products. Its members should be selected on the basis of their associations, technical knowledge, sense of responsibility and sense of ethics. A centralized unit such as this, provided with tremendous capital, could prevent foreign traders from controlling prices as they please in an effort to control the market. It could also establish credit and gain an international market. Foreign exchange obtained through exports should be used to import machinery and raw materials to bolster the province's production.

5. Regulation of Transportation

The Executive Yuan has approved expansion of Wu-chou as a commercial city. Transportation facilities at Wu-chou harbor should be supplemented. Two vessels from the Kwangsi Navigation Company, the Kuei-shan and the Kuei-hai, have been put to use, but are still insufficient. At present it is not possible to build large ships such as those used to ply the Pacific from Hong Kong. The present Wu-chou and Kwangtung shipping recession is due partly to the extremely low transportation charges and partly to an excess of ships. Consequently, those in charge of shipping must observe passenger and cargo transportation statistics to determine proper alterations and adjustments. Joint transportation activities should also be undertaken to speed transshipment of goods and to cut down on costs.

After the war, exports from this province did not drop but imports were far from adequate, creating extreme economic difficulties. If economic weaknesses such as unbalanced national finances, unstable currency, faltering production, fluctuating prices, and diminished purchasing power of the people are remedied, the economic future of Kwangsi will be more hopeful.

[Tables follow.]

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Table 1. Statistics on Principal Articles of Export

Article	Unit	Amount		Percent of Decrease or Increase	Value (in 1,000 yuan)		Average Cost of 1948 Goods Reduced to Average Cost of 1937
		1937	1948		1937 (CNC)	1948 (gold yuan)	
Live pigs	piculs	247,223	377,285	(+) 53	22,288	24,228	5,504
Cattle	head	26,856	23,878	(-)	1,047	2,095	1,127
Chickens	piculs	36,794	32,469	(-)	496	2,590	432
Ducks	"	7,795	18,721	(+) 140	59	767	140
Cowhide	"	52,479	15,042	(-)	1,192	407	35
Tung oil	"	280,941	280,184	(+)	10,455	13,915	11,520
Vegetable oil	"	---	236,586	---	---	4,579	---
Tea oil	"	47,751	13,160	(+)	1,244	8,236	1,448
Peanut oil	"	4,087	27,411	(+)	92	3,956	414
Anise oil	"	6,371	7,564	(+)	1,283	1,561	1,380
Lard	"	---	15,761	---	---	244	---
Oil bean	"	189,925	174,689	(-)	388	965	350
Grain	"	65,822	762,587	(+)	274	12,401	3,157
Rice	"	464,491	235,391	(-)	2,787	3,516	1,410
Beans	"	112,567	337,096	(+)	691	4,553	2,056
Firewood	10 piculs	4,709	6,990	(+)	1,319	9,007	1,557
Charcoal	"	295	262	(-)	198	642	175
Timber	---	---	---	---	1,329	1,658	1,094
Tin	piculs	59,126	23,244	(-)	8,514	13,273	3,347
Ambery hump	"	21,151	17,917	(-)	446	1,299	379
Callnuts	---	12,527	14,869	(+)	242	488	288
Total					34,322	105,562	34,433 (std)
(vegetable oil and lard not included)							

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Table 2. Position of Exports by Value

<u>Position</u>	<u>1937</u>	
1	Tung oil	
2	Pure tin	
3	Grain	
4	Live pigs	
5	Charcoal	
6	Timber	
7	Anise oil	
8	Tea oil	
9	Cowhide	
10	Cattle	

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Table 3. Comparison of Exports From Hong Kong and Kwangsi in 1948
(in piculs)

<u>Item</u>	<u>Hong Kong</u>	<u>Kwangsi</u>	<u>Percent Held by Kwangsi</u>
Vegetable oil	198,068	126,586	64
Wood oil	538,392	320,184	60
Tin	45,005	23,244	52

Table 4. Comparison of Wu-chow Imports for 1937 and 1948

<u>Article</u>	<u>Unit</u>	<u>Amount</u> <u>Average of Spring 1937</u>	<u>Winter 1948</u>
Cotton	piculs	little	4,553
Cotton yarn	bales	10,421	6,993
Cigarettes	cases (50,000 each)	2,000	3,070
Kerosene	10 cans (5 gal each)	344	152
Gasoline	10 cans (5 gal each)	8	38
Cloth	10 bolts	85	73
	10 catties	7	433
Cotton and woolen goods	---	---	---
Hardware and machinery	---	---	---
Paper	---	---	---
Foreign articles	---	---	---
Total			

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Table 4 (Continued)

<u>Article</u>	<u>Average of Each Season 1937 (CNC)</u>	<u>Winter 1948 (gold yuan)</u>	<u>1948</u>
Cotton	---		137
Cotton yarn	1,880 }	22,425	1,279
Cigarettes	670	7,296	1,028
Kerosene	1,786	6,607	790
Gasoline	52	1,403	247
Cloth	494 }	15,447	428
	1,019 }		258
Cotton and woolen goods	74	6,191	410
Hardware and machinery	729	5,777	289
Paper	281	2,570	134
Foreign articles	301	29,982	1,499
Total	7,286	97,798	6,472

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Table 5. Rate of Increase of Wholesale Prices in Kuei-lin and Wu-chou
in November 1948 Over First Half of 1937
(calculated in gold yuan)

<u>Item</u>	<u>Multiple</u>	
<u>Exports</u>	<u>Kuei-lin</u>	<u>Wu-chou</u>
Midsummer rice	7	11
Soy beans	8	13
Pork	13	18
Beef	11	25
Peanut oil	13	15
Pinewood	13	27
Lead	19	12
Lumber	7	26
Coarse cowhide	16	16
Tung oil	8	10
<u>Imports</u>		
Cotton	18	15
20-spool cotton yarn	23	22
Blue cotton cloth	43	47
Newsprint	53	21
Gasoline	19	13
Gold Dragon cigarettes	19	27
White cloth	28	26

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